

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of )  
HAWAIIAN ELECTRIC COMPANY, INC., )  
HAWAII ELECTRIC LIGHT COMPANY, INC., )  
and MAUI ELECTRIC COMPANY, LIMITED )  
For Approval to Defer Certain )  
Computer Software Development )  
Costs For Item P0000571, Customer )  
Information System, to Accumulate )  
an Allowance for Funds Used During )  
Construction During the Deferral )  
Period, to Amortize the Deferred )  
Costs, and to Include the )  
Unamortized Deferred Costs in )  
Rate Base. )

DOCKET NO. 04-0268

ORDER NO. 21465

Filed Nov. 17, 2004  
At 8 o'clock A.M.

Karen Higashi  
Chief Clerk of the Commission

RECEIVED  
2004 NOV 22 A 8:15  
DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

K. Higashi

In the Matter of the Application of )  
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Order No. 21465

HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC., and MAUI ELECTRIC COMPANY, LIMITED (collectively, "Applicants"), seek the commission's approval of various matters related to Item P0000571, the installation of a Customer Information System ("CIS") Project.<sup>1</sup> Applicants specifically request the commission's approval to: (1) defer certain computer software development costs for the CIS Project; (2) accumulate during the deferral period an allowance for funds used during construction ("AFUDC"); (3) amortize the deferred costs, including AFUDC, over a ten (10)-year period, or such other amortization period the commission finds reasonable; and

<sup>1</sup>Joint Application, Exhibits A - I, Verification, and Certificate of Service, filed on August 26, 2004 (collectively, "Joint Application").

(4) include the unamortized deferred costs, including AFUDC, in rate base.

Applicants make their request "pursuant to Decision and Order No. 18365 dated February 8, 2001 in Docket No. 99-0207 (HELCO's 2000 test year rate case), which ordered that Commission approval is required prior to incurring software development costs to be deferred and amortized for ratemaking purposes."<sup>2</sup> Applicants served copies of their Joint Application upon the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy (collectively, the "Parties").

On October 27, 2004, the Parties timely submitted their Proposed Stipulated Procedural Order ("Proposed Order"), in compliance with Order No. 21361, filed on September 27, 2004. Page 3 of the Proposed Order reads in part:

If there are substantial disagreements following the filing of the [Statements of Position] SOPs, and the parties cannot resolve the differences by stipulation and the parties do not waive the right to a hearing, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

Applicants filed their Joint Application pursuant to Decision and Order No. 18365. A hearing on the Joint Application is not required by law. Rather, a hearing, if any, is subject to the commission's discretion. Accordingly, the commission approves the Proposed Order, attached hereto as Exhibit 1, as

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<sup>2</sup>Joint Application, at 6, and Exhibit E, at 1. It appears that Applicants are referring to the commission's ruling in HELCO's 2000 calendar test year rate case to disallow from expenses and rate base the costs associated with Project APPRISE, a computer software development project. See Decision and Order No. 18365, filed on February 8, 2001, in Docket No. 99-0207 ("Decision and Order No. 18365").

modified by removing the "and the parties do not waive the right to a hearing" language from page 3 of the Proposed Order.

THE COMMISSION ORDERS that the Parties' Proposed Stipulated Procedural Order, submitted on October 27, 2004 and attached hereto as Exhibit 1, is approved as modified. Page 3 of the Stipulated Procedural Order is modified to read as follows:

If there are substantial disagreements following the filing of the [Statements of Position] SOPs, and the parties cannot resolve the differences by stipulation, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

In all other respects, unless ordered otherwise by the commission, this Stipulated Procedural Order, as modified, remains unchanged.

DONE at Honolulu, Hawaii NOV 17 2004.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By Carlito P. Caliboso  
Carlito P. Caliboso, Chairman

By Wayne H. Kimura  
Wayne H. Kimura, Commissioner

APPROVED AS TO FORM:

Michael Azama  
Michael Azama  
Commission Counsel

By Janet E. Kawelo  
Janet E. Kawelo, Commissioner

04-0268.cs

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MAUI ELECTRIC COMPANY, LIMITED )  
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for approval to defer certain )  
computer software development costs )  
for Item P0000571, Customer Information )  
System, to accumulate an allowance for )  
funds used during construction during the )  
deferral period, to amortize the deferred )  
costs, and to include the unamortized )  
deferred costs in rate base. )  
\_\_\_\_\_ )

Docket No. 04-0268

PUBLIC UTILITIES  
COMMISSION

OCT 27 3 41 PM '04

FILED

STIPULATED PROCEDURAL ORDER NO. \_\_\_\_\_

Filed \_\_\_\_\_, 2004

At \_\_\_\_\_ o'clock \_\_\_\_\_M.

\_\_\_\_\_  
Chief Clerk of the Commission

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII


In the Matter of the Application of )  
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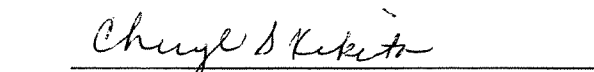
Docket No. 04-0268

STIPULATED PROCEDURAL ORDER

Applicant Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO") and Maui Electric Company, Limited ("MECO") and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (the "Consumer Advocate") hereby stipulate that the attached Stipulated Procedural Order is mutually acceptable to each respective party.

DATED: Honolulu, Hawaii, October 27, 2004.

  
WILLIAM A. BONNET  
Vice President  
Hawaiian Electric Company, Inc.  
Hawaii Electric Light Company, Inc.  
Maui Electric Company, Limited

  
for JOHN E. COLE  
Executive Director  
Division of Consumer Advocacy  
Department of Commerce and Consumer Affairs

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of	)	
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HAWAIIAN ELECTRIC COMPANY, INC.	)	Docket No. 04-0268
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MAUI ELECTRIC COMPANY, LIMITED	)	
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for Item P0000571, Customer Information	)	
System, to accumulate an allowance for	)	
funds used during construction during the	)	
deferral period, to amortize the deferred	)	
costs, and to include the unamortized	)	
deferred costs in rate base.	)	
_____	)	

STIPULATED PROCEDURAL ORDER

On August 26, 2004, Hawaiian Electric Company, Inc. ("HECO"), Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Limited ("MECO"), herein collectively referred to as "Hawaiian Electric" or the "Companies", filed an application for Commission authorization to defer certain computer software developments costs for the Customer Information System ("CIS") project, to accumulate an allowance for funds used during construction ("AFUDC") during the deferral period, to amortize the deferred costs (including AFUDC) over a 10-year period (or such other amortization period the Commission finds reasonable), and to include the unamortized deferred costs (including AFUDC) in rate base. Hawaiian Electric served copies of the application on the Division of Consumer Advocacy of the Department of Commerce and

Consumer Affairs (the “Consumer Advocate” or “CA”).

By Order No. 21361, filed September 27, 2004, the Commission directed Hawaiian Electric and the Consumer Advocate to submit a stipulated procedural schedule for the Commission’s consideration and approval by October 27, 2004 (30 days from the date of Order No. 21361).

Hawaiian Electric and the Consumer Advocate have reached agreement on procedural matters and submit this Stipulated Procedural Order to the Commission, which is acceptable to the parties.

ACCORDINGLY, IT IS ORDERED that the following Schedule of Proceedings and procedures shall be utilized in this docket.

I.

STATEMENT OF THE ISSUES

The issues in this docket are:

1. Is Hawaiian Electric’s proposed action to implement the Customer Information System project reasonable?
2. Is the proposed accounting treatment of CIS project costs reasonable?

II.

SCHEDULE OF PROCEEDINGS

Hawaiian Electric Application for Customer Information System	August 26, 2004
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CA Information Requests (“IRs”) to Hawaiian Electric <sup>1</sup>	November 22, 2004
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Hawaiian Electric Responses to CA <sup>1</sup>	January 6, 2005
CA Supplemental IRs (“SIRs”) <sup>1</sup> , if necessary	January 26, 2005
Hawaiian Electric Responses to SIRs <sup>1</sup>	February 16, 2005
CA Statement of Position (“SOP”)	March 9, 2005
Hawaiian Electric SOP, if necessary*	March 30, 2005

\* If the CA objects to approval of the application, or requests that approval be subject to conditions.

If there are substantial disagreements following the filing of the SOPs, and the parties cannot resolve the differences by stipulation and the parties do not waive the right to a hearing, the parties shall propose a hearing schedule (including the filing of simultaneous post-hearing briefs) for Commission approval.

If Hawaiian Electric determines that a Reply SOP is unnecessary, Hawaiian Electric and the CA will notify the Commission that the proceeding is ready for decision making.

### III.

#### MISCELLANEOUS MATTERS TO FACILITATE AND EXPEDITE THE ORDERLY CONDUCT OF THESE PROCEEDINGS

##### A. Requests for Information

To the extent practical, Hawaiian Electric and the Consumer Advocate will cooperate (1) by exchanging information requests and responses as they become available, and (2) by resolving questions regarding information requests and responses

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<sup>1</sup> Whenever possible, parties will provide copy of documents on diskette upon request.

informally to attempt to work out problems with respect to understanding the scope or meaning of information requests, or with respect to the availability of information. If a party is unable to provide the information requested within the prescribed time period, it should so indicate to the inquiring party as soon as possible. The parties shall then endeavor to agree upon a later date for submission of the requested information.

In lieu of responses to information requests that would require the reproduction of voluminous documents or materials, the documents or materials may be made available for reasonable inspection and copying at a mutually agreeable designated location and time. In the event such information is available on computer diskette or other readily usable electronic medium, the party responding to the information request may make the diskette or such electronic medium available to the other party and the Commission.

A party shall not be required, in a response to an information request, to provide data that are already on file with the Commission or otherwise part of the public record, or that may be stipulated to pursuant to Part B, infra. The responding party shall, in lieu of production of a document in the public record, include in its response to the information request an identification of the document with reasonable specificity sufficient to enable the requesting party to locate and copy the document. In addition, a party shall not be required, in a response to an information request, to make computations, compute ratios, reclassify, trend, calculate, or otherwise rework data contained in its files or records.

A party may object to responding to an information request that it deems to be

irrelevant, immaterial, unduly burdensome, onerous or repetitious, or where the response contains information claimed to be privileged or subject to protection (confidential information). If a party claims that information requested is confidential, and withholds production of all or a portion of such confidential information, the party shall: (1) provide information reasonably sufficient to identify the confidential information withheld from the response, without disclosing privileged or protected information; (2) state the basis for withholding the confidential information (including, but not limited to, the specific privilege applicable or protection claimed for the confidential information and the specific harm that would befall the party if the information were disclosed); and (3) state whether the party is willing to provide the confidential information pursuant to a protective order governing this docket.

A party seeking production of documents notwithstanding a party's claim of confidentiality, may file a motion to compel production with the Commission.

B. Matters of Public Record

In order to provide a means to reduce unnecessary reproduction of documents and to facilitate these proceedings, identified matters of public record, such as reports that Hawaiian Electric has filed with the Commission, published decisions of this or other Commissions, published scientific or economic statistical data, material and textbooks, technical or industry journals relating to electric utility matters, and specified parts of the record in previous Commission dockets shall be admissible in this proceeding without the necessity of reproducing each document; provided that the document to be admitted is

clearly identified by reference to the place of publication, file or docket number, and the identified document is available for inspection by the Commission and the parties; and further provided that any party has the right to explain, qualify or conduct examination with respect to the identified document. The Commission can rule on whether the identified document can be admitted into evidence when a party proffers such document for admission as evidence in this case.

From time to time, the parties may enter into stipulations that such documents, or any portion of such documents, may be introduced into evidence in this case.

C. Copies of Filings and Information Requests.

1. Filings:

Commission	Original + 8 copies
Hawaiian Electric	2 copies
Consumer Advocate	2 copies

2. Information Requests and Responses:

Commission	Original + 8 copies
Hawaiian Electric	2 copies
Consumer Advocate	2 copies

3. All pleadings, and other documents required to be filed with the Commission shall be filed at the office of the Commission in Honolulu within the time limit prescribed pursuant to Chapter 61, subchapter 2, section 6-61-15 of the Commission's Rules of Practice and Procedure.

4. Copies of all filings, information requests and information request responses should be sent to the other parties by hand delivery or via facsimile. In

addition, if available, all parties shall provide copies of their filings, information requests and information request responses to the other parties via diskette or e-mail in a standard electronic format that is readily available by the parties. The parties agree to use Word 97 or Word 2003 as the standard programming format for filings in this case. However, if workpapers, documentation, or exhibits attached to any filing are not readily available in an electronic format, a party shall not be required to convert such workpapers, documentation, or exhibits into an electronic format. Also, existing documents produced in response to requests need not be converted to Word 97/Word 2003 as long as the applicable format is identified. In the event a copy of a filing, information request or information request response is delivered to a party via diskette or e-mail, unless otherwise agreed to by such party, the same number of copies of such filing, information request or information request response must still be delivered to such party by hand delivery or via facsimile as provided in Parts C.1 and C.2 above.

D. Communications

Chapter 61, subchapter 3, section 6-61-29 of the Commission's Rules of Practice and Procedure concerning ex parte communications is applicable to any communications between a party and the Commission. However, the parties may communicate with Commission counsel on matters of practice and procedure through their own counsel or designated official.

Communications between the parties should either be through counsel or through designated representatives. All pleadings, papers, and other documents filed in this

proceeding shall be served on the opposing party. All motions, supporting memoranda, and the like shall also be served on opposing counsel.

E. General

These procedures are consistent with the orderly conduct of this docket.

Pursuant to Chapter 61, subchapter 3, section 6-61-37 of the Commission's Rules of Practice and Procedure, this Stipulated Procedural Order shall control the subsequent courses of the proceedings, unless modified at or prior to the hearings to prevent manifest injustice.

DONE at Honolulu, Hawaii, this \_\_\_\_ day of \_\_\_\_\_, 2004.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By \_\_\_\_\_  
Carlito P. Caliboso, Chairman

By \_\_\_\_\_  
Wayne H. Kimura, Commissioner

By \_\_\_\_\_  
Janet E. Kawelo, Commissioner

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael Azama  
Commission Counsel

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Stipulated  
Procedural Order No. \_\_\_\_\_ upon the following parties and participant, by causing a  
copy hereof to be mailed, postage prepaid, and properly addressed to each such party or  
participant.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813

WILLIAM A. BONNET  
VICE PRESIDENT  
HAWAIIAN ELECTRIC COMPANY, INC.  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAUI ELECTRIC COMPANY, LIMITED  
P. O. Box 2750  
Honolulu, HI 96840-0001

PATSY H. NANBU  
DIRECTOR, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P. O. Box 2750  
Honolulu, HI 96840-0001

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Karen Higashi

DATED: \_\_\_\_\_

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Order No. 21465 upon the following parties, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
DIVISION OF CONSUMER ADVOCACY  
P. O. Box 541  
Honolulu, HI 96809

WILLIAM A. BONNET  
VICE PRESIDENT  
HAWAIIAN ELECTRIC COMPANY, INC.  
HAWAII ELECTRIC LIGHT COMPANY, INC.  
MAUI ELECTRIC COMPANY, LIMITED  
P. O. Box 2750  
Honolulu, HI 96840-0001

PATSY H. NANBU  
DIRECTOR, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P. O. Box 2750  
Honolulu, HI 96840-0001

THOMAS W. WILLIAMS, JR., ESQ.  
PETER Y. KIKUTA, ESQ.  
GOODSILL ANDERSON QUINN & STIFEL  
Alii Place, Suite 1800  
1099 Alakea Street  
Honolulu, HI 96813

  
\_\_\_\_\_  
Karen Higashi

DATED: **NOV 17 2004**